

## Message Text

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PAGE 01 LISBON 06683 01 OF 03 291517Z  
ACTION EUR-12

INFO OCT-01 ISO-00 /013 W  
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P R 291105Z AUG 77  
FM AMEMBASSY LISBON  
TO USIA WASHDC PRIORITY  
INFO SECSTATE WASHDC 2825

UNCLAS SECTION 1 OF 3 LISBON 6683

FOR IEU  
STATE EUR/IB: K. SMITH

E.O. 11652: N/A  
SUBJ: REVISIONS FOR FY 1978 PORTUGAL COUNTRY PLAN

REF: (A) USIA 21775-C, (B) STATE 146037-C,  
(C) LISBON CP SUBMISSION DATED MAY 6, 1977

1. PER AGENCY'S SUGGESTIONS (REFTEL A) AND IN LIGHT OF  
STATE'S COMMENTS ON EMBASSY POLICY ASSESSMENT (REFTEL B),  
POST PROPOSES FOLLOWING REVISIONS FOR FY 1978 CP:

2. SUBSTITUTE FOLLOWING AS PROGRAM RATIONALE, PAGES 1, 2  
OF CP:

U.S. INTERESTS: PORTUGAL, STILL RECOVERING FROM A NEAR-  
SUCCESSFUL COMMUNIST POWER PLAY IN MID-1975, IS GOING  
THROUGH THE DIFFICULT PROCESS OF MAKING FULLY RESPONSIVE  
THE DEMOCRATIC INSTITUTIONS PUT INTO PLACE IN 1976.  
THE PORTUGUESE WENT TO THE POLLS FOUR TIMES AFTER THE APRIL  
1974 COUP AND EACH TIME REAFFIRMED OVERHELMING  
CONFIDENCE IN THE NON-COMMUNIST ALTERNATIVE.  
PORTUGAL NONETHELESS CONTINES TO FACE GRAVE INTERNAL  
PROBLEMS, INCLUDING A SHATTERED ECONOMY, UNEASY COOPERATION  
AMONG THE DEMOCRATIC PARTIES, AND AN ALERT COMMUNIST  
PARTY WHICH CONTROLS MOST OF ORGANIZED LABOR AND  
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EXERTS MAJOR INFLUENCE AMONG INTELLECTUALS, IN THE MEDIA,  
AND IN A POLITICALLY EXPLOSIVE AGRICULTURAL DISTRICT.

IN THIS SETTING PRIME MINISTER MARIO SOARES REPEATEDLY HAS  
STATED THAT THE ECONOMIC SITUATION MUST IMPROVE BEFORE DEMOCRACY  
CAN FULLY FUNCTION IN PORTUGAL.

THE UNITED STATES HAS UNDERTAKEN BILATERAL ASSISTANCE TALLING \$489,500,000 DURING FISCAL YEARS 1975-1977. IN ADDITION, THE U.S. HAS MOVED TO ASSURE, WITH OTHER WESTERN COUNTRIES, CONTINUED ASSISTANCE FOR PORTUGAL'S ECONOMIC ILLS WHILE THE GOP SEEKS TO PUT ITS OWN HOUSE IN ORDER. MEMBERS OF THE ATLANTIC ALLIANCE LIKEWISE HAVE INDICATED A DESIRE TO BRING PORTUGAL CLOSER TO NATO.

NEGOTIATIONS FOR RENEWAL OF THE UNITED STATES' USE OF LAJES BASE, IN THE AZORES, WILL BECOME A MAJOR FEATURE OF BILATERAL RELATIONS -- AND PUBLIC ATTENTION.

POINTS OF COMMUNICATIONS TENSIONS:

-- THE COMMUNIST PARTY, HOSTILE TO THE U.S., REMAINS A POWERFUL DISCIPLINED FORCE REPRESENTING SOME 15 PERCENT OF THE VOTERS. IT CONTROLS THE SINGLE NATIONAL LABOR CONFEDERATION, OWNS OR CONTROLS THREE LISBON DAILIES, AND EXERTS UNDUE INFLUENCE FOR ITS SIZE ON OTHER MEDIA ELEMENTS. IT CAN COUNT ON PARTY FAITHFUL WHO HAVE RETAINED POSITIONS IN GOP BUREAUCRACY, AND HAS CONSIDERABLE LOYAL SUPPORT IN ACADEMIA AND THE ARTS.  
-- THE HOSTILITY OF THE PORTUGUESE LEFT TOWARD THE U.S.  
-- AND USIS PROGRAMS AND PRODUCTS -- HAS ABATED DURING THE PAST YEAR BUT HAS LEFT A LEGACY OF MISTRUST.  
-- OTHER OPONENTS OF THE GOVERNING SOCIALIST PARTY, RANGING FROM THE MODERATE PORTUGUESE SOCIAL DEMOCRATS (PSD) TO THE FAR RIGHT, PERCEIVE U.S.-LED ECONOMIC AND SOCIAL UNCLASSIFIED

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ASSISTANCE TO THE GOP AS DIRECT AND BLATANT SUPPORT OF THE SOCIALIST PARTY AND, IN THE EXTREME THE ONLY BARRIER BETWEEN THEM AND POWER.

-- NATIONALISTS OF ALL STRIPS FEAR THAT THE UNITED STATES IS EXERTING FAR TOO MUCH POWER ON TINY PORTUGAL. SOME OF THESE SAME U.S. CRITICS ALSO CONDEMN USSR INFLUENCE ON THEIR COUNTRY.  
-- A PERCEPTION OF THE U.S. AS A MATERIALISTIC SOCIETY WITH MINIMAL CONCERN FOR, OR ACCOMPLISHMENT IN SOCIAL IMPROVEMENTS IS FAIRLY COMMON.  
-- SOME INTELLECTUALS STILL SUFFER FROM EUROPEAN-ITIS. RAISED ON A DIET OF FRENCH SUPERIORITY IN CULTURE, THEY BELIEVE THAT THE UNITED STATES, CULTURALLY AND POLITICALLY, HAS LITTLE RELEVANCE TO THEIR LITTLE CORNER OF THE OLD WORLD. IN SUM, THE UNITED STATES MAKES A GOOD WHIPPING BOY, FOR THE LEFT OR THE RIGHT OR THE RADICAL NATIONALIST. THE COMMUNISTS, AIDED BY SOME LEFT-WING SOCIALISTS AND OTHER LEFT-WING MARXISTS-LENINISTS-MAOISTS, CONTINUE TO SUSPECT AND OPPOSE AMERICAN POLICIES TOWARD PORTUGAL, AND THEN ACTIVELY ATTEMPT TO UNDERMINE RESPECT FOR AMERICAN SOCIETY AND ITS WORLD LEADERSHIP ROLE. THEIR FAVORITE TARGETS: MOTIVES FOR AND EFFECTIVENESS OF

U.S.-LED ECONOMIC ASSISTANCE, THE LAJES BASE AGREEMENT, THE RFE/RL TRANSMITTERS IN PORTUGAL, AZORES SEPARATIST MOVEMENT (ALTHOUGH FAST FADING AS A VALID POINT), BIG POWER POLITICS WHICH ALLEGEDLY ALWAYS SERVES U.S. INTERESTS EXCLUSIVELY WHILE ALWAYS HURTING THE LITTLE COUNTRIES.

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FOR IEU  
STATE DUR/IB: K. SMITH

COUNTERING THIS ACTIVE OPPOSITION IS MADE MORE DIFFICULT BY AN UNDERCURRENT OF SUSPICION AND MISTRUST OF U.S. POWER AMONG MANY INTELLECTUAL AND LABOR LEADERS. DESPITE RECOGNITION OF OBVIOUS AMERICAN STRENGTH AND DYNAMISM, THERE ARE STILL FUNDAMENTAL MISCONCEPTIONS ABOUT THE NATURE OF OUR SOCIO-ECONOMIC AND POLITICAL SYSTEMS. THE AMBIVALENCE AND MISTRUST GENERATED BY THIS LACK OF UNDERSTANDING WHICH IS REINFORCED BY THE PORTUGUESE LEFT (AND RIGHT) CONTRIBUTE EVEN FURTHER TO THE COMMUNICATIONS TENSIONS WITH PORTUGAL.

AREAS IN WHICH USIS CAN CONTRIBUTE:  
INFORMATIONAL AND CULTURAL PROGRAMMING CAN CONTRIBUTE TOWARD ACCEPTANCE, UNDERSTANDING OF, RESPECT FOR, AND MOTIVATION TOWARD:  
-- PORTUGUESE CONSOLIDATION OF A STABLE DEMOCRACY.  
-- STRENGTHENED PORTUGUESE TIES WITH THE WESTERN COMMUNITY AND ITS INSTITUTIONS, INCLUDING NATO AND THE EC.  
-- SUSTAINABLE PORTUGUESE ECONOMIC GROWTH.  
-- CONTINUED U.S.-PORTUGUESE COOPERATION ON BILATERAL AND INTERNATIONAL POLITICAL SECURITY ISSUES AND IN MULTILATERAL FORA. HUMAN RIGHTS IS A KEY ISSUE OF MUTUAL CONCERN.

PUBLIC AFFAIRS PROGRAMMING ALSO CAN PROMOTE A BROADER  
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UNDERSTANDING OF AMERICAN SOCIO-POLITICAL INSTITUTIONS  
AND THEIR RESPONSE TO CHANGE, WITH STABILITY; INCREASED  
UNDERSTANDING OF U. S. TRADE UNIONS' ROLE AND FUNCTION  
IN AMERICA; AND APPRECIATION FOR THE CREATIVITY AND ACCOMPLISHMENTS  
OF THE UNITED STATES IN ECONOMIC GROWTH, THE ARTS, AND OTHER FIELDS.

3. POST OBJECTIVES ARE REVISED TO READ AS FOLLOWS:

-- POLITICAL AND SECURITY AFFAIRS OBJECTIVES, POST  
PRIORITY NO. 1:

(I) EMPHASIZE ASPECTS OF U.S.-PORTUGUESE RELATIONS,  
SUCH AS OUR SUPPORT FOR PORTUGAL'S MEMBERSHIP IN THE  
EC AND THE MULTILATERAL LENDING PROGRAM, THAT UNDERSCORE  
U.S. SUPPORT FOR PORTUGAL'S EFFORTS TO SUSTAIN AND STRENGTHEN  
DEMOCRATIC INSTITUTIONS.

(II) STRENGTHEN PORTUGAL'S PRECEPTION THAT IT IS  
PART OF THE ATLANTIC COMMUNITY AND STIMULATE AWARENESS  
OF THE BENEFITS TO BE DERIVED FROM MAINTAINING AN ACTIVE  
MEMBERSHIP IN NATO.

(III) REINFORCE COMMON U.S.-PORTUGUESE INITIATIVES ON THE  
INTERNATIONAL SCENE, WITH SPECIAL ATTENTION TO HUMAN RIGHTS.

-- ECONOMIC OBJECTIVES, POST PRIORITY NO. 2

(I) FOSTER AN AWARENESS THAT U.S. ECONOMIC  
ASSISTANCE FOR PORTUGAL SPRINGS FROM ECONOMIC POLICIES  
WHICH ARE SOUND AND RESPONSIBLE, AND WHICH ARE DESIGNED  
TO PROMOTE STABLE ECONOMIC GROWTH AMONG NATIONS AND A  
MORE OPEN, EQUITABLE WORLD TRADING SYSTEM.

(II) DEEPEN UNDERSTANDING OF THE NATURE OF THE U.S.  
ECONOMY AND THE STRENGTH AND FLEXIBILITY DERIVED FROM THE  
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INTERPLAY OF LABOR, BUSINESS AND GOVERNMENT WITHIN A  
DEMOCRATIC SYSTEM.

-- U.S. POLITICAL AND SOCIAL PROCESSES OBJECTIVES,  
POST PRIORITY NO. 3:

(I) PROMOTE A BROADER UNDERSTANDING OF THE  
DEMOCRATIC NATURE OF AMERICA'S SOCIAL AND POLITICAL

INSTITUTIONS AND A DEEPER AWARENESS THAT OUR STRENGTH  
AND VITALITY RESULT FROM THE ABILITY OF THOSE INSTITUTIONS  
TO RESPOND TO CHANGE.

(II) INCREASE UNDERSTANDING OF THE ROLE AND FUNCTION  
OF U.S. TRADE UNIONS IN AMERICAN SOCIETY, EMPHASIZING  
THEIR ABILITY TO ACHIEVE WORKERS' OBJECTIVES THROUGH DEMOCRATIC  
PROCESSES.

(III) EMPHASIZE AMERICA'S CONCERN FOR THE DISADVANTAGED  
EVERYWHERE, AND THE PROGRESS MADE IN CREATING A MORE JUST  
SOCIETY IN THE U.S.

(IV) PORTRAY THE CREATIVITY AND ACCOMPLISHMENTS OF THE  
FINE AND PERFORMING ARTS IN THE U.S. AS PRODUCTS OF AN OPEN  
SOCIETY. USE SPORTS EXCHANGES TO BUILD CONFIDENCE IN AMERICAN  
FRIENDSHIP.

4. AUDIENCES: FOLLOWING IS SUMMARY REQUIRED FOR BOTTOM HALF  
OF CP PAGE 6:

GOVERNMENT/POLITICAL CATEGORY IS LARGEST BECAUSE,  
AS PORTUGAL CREATES AND SETS TO WORK ITS NEW DEMOCRATIC  
INSTITUTIONS, IT IS IMPORTANT TO COMMUNICATE WITH NEW  
"POLITICOS" AND THE TECHNOCRATS, MANY OF WHOM ARE  
EAGER TO LEARN ABOUT THE U.S. EXPERIENCE. SIMILARLY,  
IMPORTANCE IS GIVEN TO THE SOCIAL INVOLVEMENT/  
COMMUNITY LEADERS SECTOR, BECAUSE THERE ARE THE  
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PEOPLE WHO WILL HELP CREATE A STABLE DEMOCRACY.

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FOR IEU  
STATE DUR/IB: K. SMITH

POST IS SINGLING OUT THE LABOR AND ACADEMIC AUDIENCES FOR THE MOST INTENSIVE ADDITIONAL ATTENTION. RESPONSIVENESS OF LABOR TO NEEDS OF A REPRESENTATIVE DEMOCRACY IS A CRUCIAL AND SENSITIVE ISSUE IN PORTUGAL TODAY. THE ACADEMIC COMMUNITY, ALWAYS A VITAL LINK TO PRESENT AND FUTURE INTELLECTUALS, IS ONLY NOW REGROUPING AND FINDING ITS ROLE IN PORTUGAL'S POST-COUP ATMOSPHERE. PROGRAMMING, PERSONAL CONTACTS WITH UNIVERSITY FACULTY AND STUDENTS WILL BE EXTREMELY IMPORTANT.

THE BUSINESS/PROFESSIONAL SECTOR IS KEY TO ECONOMIC RECOVERY EFFORTS WHICH THE U.S. SUPPORTS, AND IT IS IMPORTANT TO COMMUNICATE WITH BOTH ON ECONOMIC AND DEMOCRATIC-INSTITUTION TOPICS.

THE MEDIA AND SECURITY/DEFENSE SECTORS REMAIN EXTREMELY INFLUENTIAL IN PORTUGAL. THE MEDIA, BECAUSE THEY CONTINUE TO CONDITION PUBLIC OPINION ABOUT DEMOCRACY, HAVE BEEN AND REMAIN SUBJECT TO COMMUNIST INFLUENCE. THE PORTUGUESE MILITARY LEADERS, BECAUSE OF PROMINENCE WITHIN GVERNMENT CIRCLES, ARE ALSO FOCUSED ON THEIR COUNTRY'S STRENGTHENED NATO ROLE AND ARE LOOKING TO STRENGTHEN THEIR FORCES WITH MODERN EQUIPMENT.

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5. POST REVIEWED ON-GOING ACTIVITIES ON THE CP AND CONCLUDED THAT NO REWORDING OF ORIGINAL SUBMISSION WAS NECESSARY.

6. POST PROJECT PROPOSALS: FOLLOWING DECISIONS MADE PER REFTEL A:

(A) PROJECT NO. 6 WILL BE REPLACED BY A PROJECT SUPPORTING PUBLIC AFFAIRS OBJECTIVE PRIORITY 3 (I) ON AMERICAN GOVERNMENTAL PROCESSES.

(B) PROJECT 4 WILL BE REPLACED -- AND HANDLED SEPARATELY SIMPLY AS POST SUPPORT TO EMBASSY COP -- WITH PROJECT ON SOCIAL JUSTICE IN AMERICA.

(C) POST WILL AIRSHIP COMPLETE PROJECT FORMS ON (A) AND (B). ABOVE.

7. THAT COMPLETES POST'S PROPOSED CP REVISIONS. HOWEVER,

REFTEL (A) PARA 1-C-12 STATES THAT "AS YOU HAVE NOT PROPERLY ANALYZED YOUR INFLUENCE STRUCTURE, YOU WILL HAVE TO COMPLETE A SECOND AUDIENCE REVIEW AND SUMIT IT TO IEU BY DEC. 15, 1977." INASMUCH AS AGENCY RESPONDED POSITIVELY TO POST SUBMISSION OF AN INFLUENCE STRUCTURE ANALYSIS ON MAY9, 1977, AND POST HERewith IS SUMMARIZING THAT ANALYSIS FOR THE CP, WE SUBMIT THAT POST ALREADY HAS RESPONDED AS FULLY AS POSSIBLE TO AGENCY'S REQUESTS. A REVIEW BY THE POST OF THE DETAILED INFLUENCE STRUCTURE ANALYSIS DATED MAY 1977 DOES NOT SUGGEST TO US ANY IMPORTANT CHANGES WE WOULD MAKE IN THAT DOCUMENT. PLEASE ADVISE.

8. EMBASSY FULLY CONCURS IN THE CP CHANGE HEREIN PRESENTED.  
JORDAN

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